

Message Text

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ACTION INR-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 NSAE-00 /023 W
-----084556 191903Z /62

R 191501Z APR 78
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 3593

C O N F I D E N T I A L SECTION 1 OF 2 STOCKHOLM 1549

E.O. 11652: XGDS2, 3, DIMPID
TAGS: PINR, SW
SUBJECT: REQUEST FOR DATA ON FINANCE MINISTER

REF: STATE 97632

1. NOTE SUBJECT: ALTHOUGH GOSTA BOHMAN IS HEAD OF THE
MINISTRY OF ECONOMICS, HE PREFERS TO BE ADDRESSED AS MINISTER
OF FINANCE OR FINANCE MINISTER. JUSTIFICATION IS THAT THIS
TITLE MORE CLOSELY DEFINES THE FUNCTIONS OF HIS MINISTRY, AND
IS MORE USEFUL IN INTERNATIONAL FORA SUCH AS THE IMF/IBRD
MEETINGS.

2. POSITION/PROMINENCE IN SWEDEN:
A) BOHMAN'S POSITION AS HEAD OF THE MODERATE PARTY IS NOT IN
JEOPARDY. SINCE HE BECAME FINANCE MINISTER IN OCTOBER 1976
THE PARTY HAS GAINED IN POPULARITY, IF THE OPINION POLLS ARE
ACCURATE. HIS POSITION AS FINANCE MINISTER IS ALSO FIRM.
VARIOUS PEOPLE HAVE QUESTIONED HIS PERFORMANCE IN THAT JOB,
BUT THOSE QUESTIONS ARE LARGELY DICTATED BY POLITICAL MOTIVES.
THE MOST SERIOUS ACCUSATION HAS BEEN THAT BY TALKING TOO
LOOSELY FOLLOWING THE APRIL 1977 "MINI-DEVALUATION" OF
THE SWEDISH KRONA HE HASTENED, OR MADE INEVITABLE, THE
AUGUST 1977 DEVALUATION AND SWEDEN'S DEPARTURE FROM
THE EUROPEAN CURRENCY SAKE. THIS ACCUSATION
WAS DISCUSSED AT SOME LENGTH IN PARLIAMENT RECENTLY.
THE UPSHOT OF IT WAS THAT THE GOVERNMENT CLAIMED BOHMAN
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WAS MISQUOTED, THE OPPOSITION REPEATED ITS ACCUSATIONS.
OUR ASSESSMENT IS SOMEWHERE IN BETWEEN: HE ALMOST
CERTAINLY SAID TOO MUCH TO CERTAIN INTERVIEWERS
(ESPECIALLY BUSINESS INTERNATIONAL), BUT THOSE
INTERVIEWERS ALSO MADE RATHER FREE WITH WHAT WAS
ACTUALLY SAID. AT THE LEAST BOHMAN COULD BE ACCUSED OF
NAIVETE IN BELIEVING INTERVIEWERS WOULD HONOR HIS

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B) AS LEADER OF ONE OF THE THREE COALITION PARTIES, AND AS HEAD OF THE KEY ECONOMIC POLICY BODY, THE ECONOMICS MINISTRY, BOHMAN IS EXTREMELY IMPORTANT IN POLICY DECISIONS. FROM HIS PARTY'S POSITION AS THE MOST CLEARLY IDENTIFIABLE IDEOLOGICAL GROUPING IN THE MIDDLE-RIGHT SPECTRUM, HE IS USUALLY MORE WILLING TO SPEAK OUT ON CONTROVERSIAL ISSUES BEFORE THE GOVERNMENT HAS ACTED OR EVEN CONSIDERED AN ISSUE. IN THIS WAY HE IS OFTEN ABLE TO SET THE PARAMETERS FOR LATER DISCUSSIONS. BECAUSE HIS PARTY IS MORE OFTEN IN AGREEMENT WITH THE LARGEST COALITION PARTY (CENTER) BOHMAN DOES NOT OFTEN HAVE THE ADVANTAGE OF INSISTING ON COMPROMISE, BUT HE CAN AND WILL DO SO. AN EXAMPLE IN HIS STANCE ON NUCLEAR ENERGY. THE MODERATE PARTY REMAINS IN FAVOR OF EXPLOITING THE LATTER, DESPITE THE PRIME MINISTER'S OPPOSITION, AND HAS CERTAINLY PLAYED AN IMPORTANT ROLE IN MODERATING THE GOVERNMENT'S POSITION.

C) ALTHOUGH BOHMAN IS ON THE RIGHT IN THE SWEDISH POLITICAL SPECTRUM, THAT LEAVES HIM CONSIDERABLY TO THE LEFT OF ALL BUT THE LEFT-WING OF THE US DEMOCRATIC PARTY. HE AND HIS PARTY ACCEPT MANY OF THE BASIC MIXED-ECONOMY TENETS WHICH EVOLVED IN SWEDEN DURING THE 40-PLUS YEARS OF SOCIAL DEMOCRATIC RULE. BASICALLY HE OPPOSES INCREASES IN GOVERNMENT INVOLVEMENT IN, AND CONFIDENTIAL

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INTERFERENCE WITH THE ECONOMY (BUT HAS PRESIDED OVER AN INCREASE IN GOVERNMENT OWNERSHIP WHICH HE WOULD HAVE OPPOSED HAD THE CURRENT OPPOSITION BEEN IN POWER). HE WISHES TO CUT BACK ON HIGH RATES OF TAXATION AND TO REDUCE THE INFLUENCE OF THE GOVERNMENT IN THE DAILY LIVES OF SWEDES.

D) BOHMAN IS A LAWYER BY PROFESSION, BUT LONG YEARS OF CONTACT WITH FOREIGN NATIONALS IN A VARIETY OF INTERNATIONAL FORA HAVE GIVEN HIM A RELAXED APPROACH WHICH IS MOST EFFECTIVE. HE WILL BE A LOW-KEY BUT STRONG NEGOTIATOR. HIS FREEDOM TO MAKE DECISIONS WILL BE LIMITED BY THE FACT THAT HE OPERATES IN A COALITION GOVERNMENT. HE HAS BEEN KNOWN TO GO OUT ON A LIMB AS FAR AS STATEMENTS REGARDING GOVERNMENT ACTION OR POLICY, BUT IS UNLIKELY TO PROMISE SOMETHING WHICH HE CANNOT DELIVER. IT IS ALSO UNLIKELY, BARRING SOME BIZARRE EVENT, THAT HE WOULD MAKE A COMMITMENT WHICH THE REST OF THE GOVERNMENT WOULD REFUTE AT THE RISK OF INTERNATIONAL EMBARRASSMENT.

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C O N F I D E N T I A L SECTION 2 OF 2 STOCKHOLM 1549

E) BECAUSE BOHMAN IS A LAYMAN AS FAR AS ECONOMIC POLICY IS CONCERNED, HIS VIEWS/ATTITUDES ON ECONOMIC MATTERS CAN BE SWAYED. WE BELIEVE HE WOULD ALSO BE SUSCEPTIBLE TO THE FLATTERY WHICH ATTENTION BY TOP-LEVEL US OFFICIALS WOULD IMPLY. NEVERTHELESS, BOHMAN IS NEVER GOING TO BE A PUSHOVER IN NEGOTIATIONS, AND IS NOT GOING TO MOVE OUTSIDE OF SWEDEN'S BASIC INTERESTS.

F) ALTHOUGH THE SWEDISH ECONOMY SHOWS SIGNS THAT INFLATIONARY PRESSURES ARE ABATING AND THAT BETTER EXTERNAL BALANCE IS DEVELOPING, THE DICTATES OF DOMESTIC ECONOMIC POLICY WILL BE THE STRONGEST FORCE OPERATING ON BOHMAN. HE IS NOT SO LIKELY TO BE INFLUENCED BY HUMAN RIGHTS ISSUES, BUT, AS A SWEDE, HE WILL ALMOST CERTAINLY BE VERY CLOSE TO THE US ADMINISTRATION'S CURRENT POSITION. BOHMAN HAS OFTEN EXPRESSED CONCERN ABOUT US ECONOMIC DEVELOPMENTS, BASED LARGELY IT SEEMS ON STOCK MARKET PERFORMANCE, BUT SWEDISH POLICY THAT A DECLINE IN THE DOLLAR DOES NOT SERIOUSLY INJURE SWEDEN REMAINS UNCHANGED. IF ANYTHING, BOHMAN TENDS TO EXAGGERATE THE IMPORTANCE OF US ECONOMIC DEVELOPMENTS FOR SWEDEN (MORE THAN NINE PERCENT OF SWEDEN'S EXPORTS WOULD JUSTIFY).

G) WE WOULD LIKE TO REEMPHASIZE THE POINT MADE ABOVE THAT BOHMAN IS LIKELY TO BE RESPONSIVE TO ATTENTION BY TOP-LEVEL US POLICY MAKERS.

KENNEDY-MINOTT

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